



NATIONAL ENDOWMENT FOR THE

Humanities

OFFICE OF INSPECTOR GENERAL

System Review Report

January 27, 2011

Mr. Carl W. Hoecker, Inspector General
United States Capitol Police

We have reviewed the system of quality control for the audit organization of United States Capitol Police (USCP) Office of Inspector General (OIG) in effect for the year ended September 30, 2010. A system of quality control encompasses the USCP OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming with *Government Auditing Standards*. The elements of quality control are described in *Government Auditing Standards*. USCP OIG is responsible for designing a system of quality control and complying with it to provide USCP OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and USCP OIG's compliance therewith based on our review.

Our review was conducted in accordance with *Government Auditing Standards* and guidelines established by the Council of Inspectors General on Integrity and Efficiency (CIGIE). During our review, we interviewed USCP OIG personnel and obtained an understanding of the nature of the USCP OIG audit organization, and the design of the USCP OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the USCP OIG's system of quality control. The engagements selected represented a reasonable cross-section of the USCP OIG's audit organization, with emphasis on higher-risk engagements. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with the USCP OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the USCP OIG's audit organization. In addition, we tested compliance with the USCP OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the USCP OIG's policies and procedures on selected engagements. Our review was based on selected tests; therefore, it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it.

There are inherent limitations in the effectiveness of any system of quality control, and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

Enclosure 1 to this report identifies the office of the USCP OIG that we visited and the engagements that we reviewed.

In our opinion, the system of quality control for the audit organization of the USCP OIG in effect for the year ended September 30, 2010, has been suitably designed and complied with to provide USCP OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Federal audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. USCP OIG has received a peer review rating of *pass*.

In addition to reviewing its system of quality control to ensure adherence with *Government Auditing Standards*, we applied certain limited procedures in accordance with guidance established by the CIGIE related to USCP OIG's monitoring of engagements performed by Independent Public Accountants (IPA) under contract where the IPA served as the principal auditor. It should be noted that monitoring of engagements performed by IPAs is not an audit and therefore is not subject to the requirements of *Government Auditing Standards*. The purpose of our limited procedures was to determine whether USCP OIG had controls to ensure IPAs performed contracted work in accordance with professional standards. However, our objective was not to express an opinion and accordingly, we do not express an opinion, on USCP OIG's monitoring of work performed by IPAs.


Sheldon Bernstein, Inspector General

Enclosure

SCOPE AND METHODOLOGY (Enclosure 1)

Scope and Methodology

We tested compliance with the USCP OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 2 of 2 audit and attestation reports issued during the period October 1, 2009 through September 30, 2010, and semiannual reporting periods October 1, 2009 to March 31, 2010 and April 1, 2010 to September 30, 2010. We also reviewed the internal quality control reviews performed by USCP OIG.

In addition, we reviewed the USCP OIG's monitoring of engagements performed by IPAs where the IPA served as the principal auditor during the period October 1, 2009 through March 31, 2010. During the period, USCP OIG contracted for the audit of its agency's Fiscal Year 2009 financial statements. This audit was not available for review as it was put on hold awaiting a legal opinion from the Government Accountability Office, so we reviewed USCP OIG's contracted audit of its agency's Fiscal Year 2008 financial statements.

We visited the Washington, DC office of the USCP OIG.

Reviewed Engagements Performed by USCP OIG

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
OIG-2010-03	June 2010	Audit of USCP Budget Formulation Process

Reviewed Monitoring Files of USCP OIG for Contracted Engagements

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
OIG-2010-02	March 2010	Review of Hazardous Materials Response Team Procurement Process
OIG-2009-01	December 1, 2008	United States Capitol Police Financial Statements and Independent Auditors' Report Fiscal Year 2008